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July 27, 2012

Richard Bruckner, Chairman
Montebello Oversight Board
320 West Temple Street, 13th Floor
Los Angeles, CA 90012

Re: *Potential Conflict of Interest; State of California*

Dear Richard:

The purpose of this letter is to disclose to you, in writing, the fact that attorneys at Stradling Yocca Carlson & Rauth ("Firm") currently represent certain Departments of the State of California ("State") in a variety of matters, including serving as Disclosure Counsel to the State in connection with issuance by the State of general obligation bonds and other general fund backed obligations. As Disclosure Counsel, the Firm advises the State with respect to the State's obligations under the federal securities laws. Attorneys in the Firm also serve as Bond Counsel to the State Public Works Board in connection with the issuance by the Board of lease revenue financings, and related real estate matters. In the course of our representation of the State, attorneys in the Firm representing the State have regular contact with a variety of State officials, including the State Director of Finance, Deputy Directors of Finance, and other senior officials of the Department of Finance ("DOF").

The Firm does not represent the State or the DOF in connection with the review of Recognized Obligation Payment Schedules ("ROPS"), the determination by the DOF of which transactions constitute enforceable obligations, or other matters relating to the implementation of Parts 1.8 and 1.85 of Division 24 of the Health and Safety Code. The matters on which the Firm advises the State are completely unrelated to the State's activities and determinations relative to the dissolution of redevelopment agencies or the conduct of oversight boards.

At this time, we do not believe our representation of the Montebello Oversight Board ("Montebello") conflicts with our representation of the State; however, it is important for you to understand that, because of the Firm's ongoing representation of the State, no attorney at this Firm may participate, directly or indirectly, in any litigation adverse to the State. If, in the course of our representation of Montebello, we believe the best interests of Montebello may be served by filing or participating in litigation or other activities adverse to the State, we will inform you of this fact, but we will not be able to represent you with respect to litigation or other activities in which your interests are adverse to the interests of the State.

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Under rule 3-310(B) of the California Rules of Professional Conduct (a copy of which is attached to this letter), an attorney or firm "shall not accept or continue representation of a client without providing written disclosure to the client where: (1) The [attorney] has a legal, business, financial, professional, or personal relationship with a party or witness in the same matter; or ... (3) The [attorney] has or had a legal, business, financial, professional, or personal relationship with another person or entity the [attorney] knows or reasonably should know would be affected substantially by resolution of the matter...." Additionally, under rule 3-310(C)(3), an attorney or firm may not "[r]epresent a client in a matter and at the same time in a separate matter accept as a client a person or entity whose interest in the first matter is adverse to the client in the first matter" unless the attorney or firm has the informed written consent of each client. The purposes of this letter are (1) to inform you of the fact and scope of this Firm's representation of the State, (2) advise you that this Firm will be unable to represent you in litigation or other matters where the interests of Montebello are adverse to the interests of the State, and (3) suggest that you retain independent counsel to assist you in your analysis and evaluation of the conflict issues described in this letter.

At the present time, the Firm is not aware of an actual conflict of interest between Montebello and the State in relation to any matter with respect to which the Firm represents either Montebello or the State. However, there is a potential for a conflict of interest in the future because the interests of Montebello and the State may become adverse to one another. For example, if the DOF makes a final determination that a transaction is not an enforceable obligation and Montebello wishes to challenge that determination, this Firm will not be able to represent Montebello in connection with such challenge. If any legal actions were to arise after the date of this letter between Montebello on the one hand and the State on the other hand, the Firm will terminate its representation of Montebello in connection with the matters in which Montebello's interests are adverse to the State. Montebello will be forced to seek representation from another attorney or firm in connection with such matters.

As a result of our dual representation, the Firm may obtain confidential information from Montebello relating to Montebello's ROPS, enforceable obligations, or otherwise in connection with the dissolution of the former Montebello Agency for Community Development, that could be helpful to the State in the event the State's interests became adverse to Montebello's interests. The Firm is instituting an ethical wall for the purpose of preventing the accidental disclosure of Montebello's confidential information to the State. Nonetheless, we strongly advise Montebello to seek the advice of independent counsel in connection with the consideration of the matters disclosed in this letter.

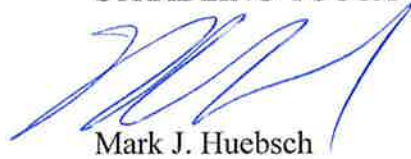
Please sign the attached to confirm that: (1) these facts have been disclosed; and (2) you have been advised to seek independent counsel concerning the actual and potential conflicts of interest described in this letter.

Should you have any questions concerning this letter or the attached consent form, please discuss them with us or with independent counsel.

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Very truly yours,

STRADLING YOCCA CARLSON & RAUTH



Mark J. Huebsch

Enclosure

cc: Francesca Tucker-Schuyler, Acting City Manager of the City of Montebello, 1600 W.
Beverly Blvd., Montebello, California 900640

Matthew Gorman, Assistant City Attorney

ACKNOWLEDGEMENT OF DISCLOSURE

The undersigned, being duly authorized to do so, hereby acknowledges the foregoing disclosure of actual and potential conflicts of interest or other adverse consequences that may arise from Stradling Yocca Carlson & Rauth's ("Firm") representation of the State of California and State of California Department of Finance in connection with various financing matters, including as Disclosure Counsel and Bond Counsel, and the Firm's representation of the Montebello Oversight Board in connection with a variety of matters, including the dissolution of the former Montebello Agency for Community Development, preparation and submittal of Recognized Obligation Payment Schedules and discussions with the DOF regarding the same, and other similar matters (collectively, the "Representation").

The Firm has advised the undersigned of Rule 3-310 of the California Rules of Professional Conduct, enclosed a copy of Rule 3-310 for the undersigned to review, and explained to the undersigned that in its determination there does not currently exist a conflict of interest, but that such a conflict of interest could arise out of the Representation which might have serious adverse consequences to the undersigned. The undersigned acknowledges having received a copy of the attached letter dated July 27, 2012, and has read and understands its contents.

The undersigned has had an opportunity to consult with independent counsel regarding this matter and any and all actual and potential conflicts of interest and the signature below is freely and voluntarily given.

Capitalized words not defined in this Consent shall have the meaning set forth in the accompanying letter dated August ____, 2012 from the Firm to the undersigned.

MONTEBELLO OVERSIGHT BOARD

Dated: _____, 2012

Richard Bruckner, Chairman

CALIFORNIA RULES OF PROFESSIONAL CONDUCT
RULE 3-310
Avoiding the Representation of Adverse Interests

(A) For purposes of this rule:

(1) "Disclosure" means informing the client or former client of the relevant circumstances and of the actual and reasonably foreseeable adverse consequences to the client or former client;

(2) "Informed written consent" means the client's or former client's written agreement to the representation following written disclosure;

(3) "Written" means any writing as defined in Evidence Code section 250.

(B) A member shall not accept or continue representation of a client without providing written disclosure to the client where:

(1) The member has a legal, business, financial, professional, or personal relationship with a party or witness in the same matter; or

(2) The member knows or reasonably should know that:

(a) the member previously had a legal, business, financial, professional, or personal relationship with a party or witness in the same matter; and

(b) the previous relationship would substantially affect the member's representation; or

(3) The member has or had a legal, business, financial, professional, or personal relationship with another person or entity the member knows or reasonably should know would be affected substantially by resolution of the matter; or

(4) The member has or had a legal, business, financial, or professional interest in the subject matter of the representation.

(C) A member shall not, without the informed written consent of each client:

(1) Accept representation of more than one client in a matter in which the interests of the clients potentially conflict; or

(2) Accept or continue representation of more than one client in a matter in which the interests of the clients actually conflict; or

(3) Represent a client in a matter and at the same time in a separate matter accept as a client a person or entity whose interest in the first matter is adverse to the client in the first matter.

(D) A member who represents two or more clients shall not enter into an aggregate settlement of the claims of or against the clients without the informed written consent of each client.

(E) A member shall not, without the informed written consent of the client or former client, accept employment adverse to the client or former client where, by reason of the representation of the client or former client, the member has obtained confidential information material to the employment.

(F) A member shall not accept compensation for representing a client from one other than the client unless:

(1) There is no interference with the member's independence of professional judgment or with the client-lawyer relationship; and

(2) Information relating to representation of the client is protected as required by Business and Professions Code section 6068, subdivision (e); and

(3) The member obtains the client's informed written consent, provided that no disclosure or consent is required if:

(a) such nondisclosure is otherwise authorized by law; or

(b) the member is rendering legal services on behalf of any public agency which provides legal services to other public agencies or the public.